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4 February 2014

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

*EMO0028 – FRAMEWORK FOR OPEN ACCESS AND COMMON COMMUNICATION
STANDARDS REVIEW*

Ergon Energy Corporation Limited, in its capacity as a Distribution Network Service Provider in Queensland, welcomes the opportunity to provide a submission to the Australian Energy Market Commission on its *Framework for Open Access and Common Communication Standards Review*.

Should you require any additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely



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Group Manager Regulatory Affairs

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Encl: Ergon Energy's submission.



Submission on the Framework for Open Access and Common Communication Standards Review – Draft Report

30 January 2014

Submission on the *Framework for Open Access and Common Standards Review – Draft Report*

Australian Energy Market Commission

30 January 2014

This submission, which is available for publication, is made by:

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Introduction

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider (DNSP) in Queensland, welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *Framework for Open Access and Common Communication Standards Review – Draft Report* (the Draft Report).

Ergon Energy is a member of the Energy Networks Association (ENA), the peak national body for Australia's energy networks. The ENA, in collaboration with Ergon Energy and other distribution businesses, has prepared a comprehensive submission addressing the AEMC's Draft Report. Ergon Energy is generally supportive of the arguments contained in their submission. In particular, Ergon Energy supports the ENA's assertion that the framework for open access and common standards review needs to follow from the proposed contestable metering rule change, not be decided in advance. It is concerning that this review relating to technical issues and standards is progressing in advance of consideration of the draft rule change to introduce metering contestability, which will consider the roles, responsibilities and obligations relating to provision and operation of meters and metering related services in a more fully contestable framework.

In response to the AEMC's invitation to provide comments on the Draft Report, Ergon Energy has focused on those areas where Ergon Energy has comments in addition to those contained in the ENA's submission. In all other areas, Ergon Energy supports the ENA submission and refers the AEMC to that content. Ergon Energy is available to discuss this submission or provide further detail regarding the issues raised, should the AEMC require.

Specific Comments

This section provides specific comments that are in addition to those contained in the ENA submission.

Common Market Protocol

Ergon Energy notes the ENA's support for a common market protocol, and agrees in principle, to the extent that a common market protocol is based on an internationally accepted meter protocol and these decisions are made as a priority to set a clear direction moving forward. It should be noted that the services defined in the ENA submission will be delivered using a common market protocol.

Common Meter Protocol

Ergon Energy strongly supports a common meter protocol and does not object to the internationally accepted Device Language Message Specification (DLMS) / Companion Specification for Energy Metering (COSEM) protocol. Ergon Energy believes it is crucial that a clear direction is set now for future smart meter deployments and therefore this should be dealt with as a priority. Ergon Energy supports a protocol translation to accommodate existing metering investments, such as in Victoria.

In addition to the benefits of a common meter protocol based on open international standards, as outlined in the report, Ergon Energy suggests it is also worth noting the following:

- The adoption of DLMS / COSEM and, in general the International Electrotechnical Commission standards, is steadily increasing and this may drive the proprietary systems out of the market in the not too distant future. Therefore, the use of proprietary systems is more likely to result in stranded investments.
- Systems based on mature open standards such as DLMS / COSEM are made up of products sourced from a vast eco-system with no dependency on a single supplier. The same is not true for proprietary systems.
- DLMS / COSEM is based on published standards, and likely to be supported by other functionalities (such as deep packet inspection, intrusion prevention of network firewalls, etc.) that will be crucial in maintaining a secure smart metering system.
- Undoubtedly each metering data provider (MDP), DNSP, etc. will invest a considerable amount of effort and resources in evaluating, installing, commissioning, testing and using smart meter systems. It can only be a benefit if all of this effort and resources can be channelled in the deployment of a single open and international standard across Australia. Importantly, this could lead to consolidation of systems across different organisations thereby reducing duplication.

Ergon Energy believes that without a common meter protocol, it is unlikely that a proprietary meter protocol will support competition in demand side participation and related services. It should be noted that none of the other fiercely competitive markets, such as internet services or mobile phone services, are based on proprietary protocols or systems. Rather, these markets use common standards.

Meter point of entry and market point of entry and proposed smart meter communications architecture

Ergon Energy does not support direct access to meters by multiple parties. However, Ergon Energy considers there is a legitimate discussion for DNSPs to have services and functions communicated direct from the meters, such as alarms and power quality data without using the gateway. Notwithstanding, if the issue of real, or near real time can be addressed through the gateway, then Ergon Energy would be supportive of further discussion on the matter. Maintenance of load control functionality managed by networks (e.g. hot water systems) must also be addressed effectively as part of this agenda.

Ergon Energy's basic principle in considering information enabled by smart meters is that all data on the meters should be available to each market participant with a relationship with that particular customer in the most cost effective manner. Distribution businesses must continue to have the ability to implement metering solutions to generate benefits for the network as well as reduce the long term costs for the customer.

Ergon Energy welcomes further consultation on the proposed architecture and business models.